



# CITY OF LODI

## COUNCIL COMMUNICATION

AGENDA TITLE: Statement from KPMG Peat Marwick

MEETING DATE: February 16, 1994


PREPARED BY: Assistant City Manager

BACKGROUND:

A representative from KPMG Peat Marwick will be in attendance to issue a statement relative to the conclusions that can be drawn from the recently completed audit, and to assure the City Council and the public that they do not feel the City is spending funds improperly.

FUNDING: NONE REQUIRED

Respectfully submitted,

  
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Jerry L. Glenn

Assistant City Manager

JLG/pn

APPROVED

  
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THOMAS A. PETERSON  
City Manager



RECYCLED PAPER

Good evening, my name is Diane Manning. I am a manager with KPMG Peat Marwick, the independent certified public accounting firm hired by the City of Lodi to audit the 1993 financial statements of the City.

On February 8, 1994, KPMG presented to the City Council the City of Lodi's Comprehensive Annual Financial Report and Management Letter for the year ended June 30, 1993. During the presentation and included in the Management Letter KPMG recommended the City develop and implement short and long-term plans to assist the general fund in becoming less dependent on the enterprise fund.

An article written by the Lodi News-Sentinel appeared in the February 9, 1994 newspaper with the headline of "Report: Funds Are Spent Improperly" and the first sentence of the article read "The City of Lodi is taking too much money from its utility funds and using it to cover the costs of day-to-day operations, say city-hired auditors."

I am here this evening to publicly state that KPMG did not say or imply in its presentation on February 8 nor is it stated in the Management Letter prepared by KPMG that the City of Lodi improperly spent monies nor did the City take too much money from its utility funds to cover the costs of day-to-day operations. We suggested that the City develop and implement short and long-term plans to assist the general fund in becoming less dependent on the enterprise fund.

Accordingly, we believe the headline and opening paragraph of the article printed by the Lodi News-Sentinel on February 9 was not a proper reflection of the facts. On February 10, 1994 the editor of the Lodi News-Sentinel wrote an editorial apologizing for the headline and stated that the transfer of funds was not improper. We agree that the use of such monies was not improper.